



**TESTIMONY BEFORE THE  
INSURANCE AND REAL ESTATE COMMITTEE  
LEGISLATIVE OFFICE BUILDING  
FEBRUARY 28, 2019**

My name is Michelle Rakebrand and I am Assistant Counsel for the Connecticut Business and Industry Association (CBIA). CBIA is the largest business association in Connecticut and has represented businesses for over 200 years. We are proud to say that most of our membership is made up of small employers.

**CBIA opposes HB 7174 because the creation of a government-run prescription drug program would unnecessarily disrupt the current prescription drug marketplace and result in further costs.**

The high cost of healthcare is one of the top concerns for employers of all sizes. Currently, prescription drugs make up approximately 10% of the total cost of healthcare spending in the United States<sup>1</sup>. However, the Centers for Medicare and Medicaid Services project that spending for retail prescription drugs will be the fastest growing health category in the coming years<sup>2</sup>. Pharmacy Benefit Managers (PBMs), as industry experts, work to reduce the cost of prescription drugs to both employers and employees through cost-sharing.

HB 7174 establishes the Connecticut Prescription Drug Program through which self-insured private employers can purchase prescription drugs for their employees with the purchasing authority of the state Comptroller.

PBMs administer prescription drug plans for commercial health plans, self-insured employers, as well as both state and federal government employee plans. PBMs are projected to save consumers up to 30% on drug benefit costs over the next decade, which amounts to \$654 billion<sup>3</sup>. PBMs realize these savings by: creating select networks of more affordable pharmacies, encouraging the use of generic medications, negotiating rebates from manufacturers, negotiating discounts from drugstores, and managing high-cost speciality medication. In economic terms, PBMs aggregate demand to gain leverage in the market, something that cannot feasibly be done by the state of Connecticut on the same scale.

Finally, in order to administer the Connecticut Prescription Drug Program, the Comptroller has unilateral authority to charge administrative fees to cover its operational costs. Even if this fee is only nominal, it would be just one of many fees, assessments, and taxes that are already imposed on employers by the state.

Thank you for your time and consideration.

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<sup>1</sup> American Academy of Actuaries; "Controlling Health Care Spending Growth." Accessed at [actuary.org/controlling-health-care-spending-growth](http://actuary.org/controlling-health-care-spending-growth)

<sup>2</sup> Micah Hartman et al.; "National Health Care Spending in 2016: Spending and Enrollment Growth Slow After Initial Coverage Expansions"; Health Affairs 37(1): 150-160; January 2018. Note that the "retail prescription drugs" category excludes drugs purchased directly from physicians or hospitals (e.g., infusion drugs).

<sup>3</sup> <https://www.pcmnet.org/our-industry/>